Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

Spotlight ON FOREIGN MARKETING

A280.39
F76S
cop.2

NOV 25 1958

U. S. DEPARTMENT OF AGRICULTURE

TO U.S. AGRICULTURAL ATTACHÉS AND FAS STAFF MEMBERS

Vol. II, No. 11 October 17, 1958

U. S. EXHIBIT AT MUNICH WINS TOP AWARD FOR OVER-ALL EXCELLENCE. A gold medal for first place was presented to the U. S. Government by the Businessmen's Association of Munich. Our exhibit was judged to be the most effective from the standpoints of design, quality of foods shown and its effectiveness in promoting better international relations. Fifty-nine exhibits of a total of 1, 400 were selected for gold medals by the fair management's selection jury.

GREAT PLAINS WHEAT GROWERS WILL OPEN AN OFFICE IN ROTTERDAM about mid-November to promote demand for U. S. wheat in Western Europe. Harvey Bross of Manhattan, Kansas, will head the office. He has had many years of experience in Europe and the Middle East as a grain handling specialist for ICA. The office is a joint effort of the Nebraska, Kansas and Colorado Wheat Growers. The location will be in the Wholesalers Building, adjacent to the Rotterdam Central Station. Promotional activities will be carried out in Austria, Belgium, Finland, West Germany, Greece, Italy, The Netherlands, Portugal, Spain and Switzerland. Shortly, Sweden and the United Kingdom will be added to the list.

The establishment of a supervisory office in The Netherlands and the sending of a Portugese Wheat Team to the U. S. are the first in a series of 104(a) market development projects to be carried out under an agreement signed last June.

GLOBAL TOUR PLANNED FOR 1959 MAID OF COTTON. A Cotton Council International representative is overseas making advance arrangements for a round-the-world tour by the 1959 Maid of Cotton. It will be the first truly global fashion and goodwill promotion ever undertaken by any fiber industry group. Tentative itinerary for the 1959 Maid includes Hawaii, Japan, Hong Kong, Philippines, Australia, India, Pakistan and Greece. Other brief stops in Europe may be made. Previously the Maid has gone annually to Europe and occasionally into Latin America. This will be her first trip to Asia.

It is expected that the tour will stimulate interest in cotton promotion and help increase consumption of cotton products in the countries visited. Visits to each country will be organized in cooperation with local cotton groups. Cotton fashions and costumes of areas visited will be featured by the Maid.

NOTE: A special supplement on the International Coffee Agreement is attached.

ISRAEL'S FIRST SUPERMARKET A FINANCIAL SUCCESS. Since opening day on August 25 the new Tel Aviv supermarket has served an average of 3,000 customers a day. There was immediate acceptance of American-style cuts of prepackaged meats, frozen poultry and other products, many of which are imported directly from the U. S., or are produced in Israel from U. S. farm commodities. In all, about 70 per cent of the country's food imports are from the U. S. Israel's rapidly-growing poultry industry, for example, is built on U. S. feed grains. And consumer acceptance of frozen chickens in the new supermarket serves as another example of success resulting from U. S. methods, feed products, and local business acumen.

Like our own supermarkets, one of the main purposes of the new business enterprise is to lower the cost of living index by reducing retail food prices. In this regard, savings are now ranging from 8 to 10 per cent. Future savings may go as high as 17 per cent.

Based on the success at Tel Aviv, the company plans to expand its supermarket operations to other cities as rapidly as possible. A total of 25 is predicted, and all will bring more U. S. foods to this thriving Middle Eastern country. (Earlier details in SPOTLIGHT - 2/14/58).

SUMMARY OF PRINCIPAL PROVISIONS OF AGRICULTURAL ACT OF 1958 AS RELATED TO UPLAND COTTON. For the 1959 and 1960 crops, each individual farmer will have a choice between (A) his regular acreage allotment and price support as determined under Section 101 of the Agricultural Act of 1949 (except that for the 1959 crop the level of support shall be not less than 80% of parity), or (B) an increase of not to exceed 40% (the percentage to be determined annually by the Secretary - 40% set for 1959) in his regular farm allotment with price support at 15% of parity lower than the level determined for farmers who elect choice (A). Beginning with the 1959 crop, the Act provides for a minimum national acreage allotment for cotton of 16 million acres. Price support to farmers who elect choice (A) will be made available through a purchase program and to farmers who elect choice (B) through loans, purchases or other operations. CCC is directed to offer cotton for sale for unrestricted use at not less than 10% above the lower price support level made available to farmers who elect choice (B).

PROGRESS HAS BEEN MADE ON THE DEVELOPMENT OF ARS' FOREIGN UTILIZATION RESEARCH PROGRAM, using Title I, 104(a) funds. Surveys conducted early this year in France, Great Britain, Finland, Spain, Italy and Israel by ARS in cooperation with our attaches have led to the submission of many research proposals by institutions in those countries. Thus far 11 grants have been made in Great Britain and Israel. ARS expects that about 75 additional grants or contracts will be negotiated in these six countries in the late fall and winter.

ARS plans to set up a regional office for supervising this grant and contract program in our Italian Embassy on or about November 1. (Details in Press Release 2844-58)

THE EXPORT-IMPORT BANK has announced credits of $60 million to finance the export of U. S. cotton to Japan this season. This is the 10th cotton credit for Japan approved since 1948, making the total $545 million. Proper use of existing credit programs, such as Ex-Im Bank, can facilitate additional dollar markets for U. S. farm commodities.

CCC MONTHLY SALES LIST FOR OCTOBER 1958: Butter, nonfat dry milk, cheddar cheese, cotton (upland and extra long staple), peanuts, corn, wheat, oats, barley, rye, grain sorghums, soybeans, rice (rough and milled), gum rosin, gum turpentine, tobacco, flaxseed, and tung oil.

Principal changes in the list this month are the addition of flaxseed and tung oil, and an increase of 3/8 of one per cent in the per annum interest rates on credit sales.

All commodities currently offered for sale by CCC, plus tobacco from CCC loan stocks, are eligible for export sale under the CCC Export Credit Sales program. The following commodities are currently eligible for barter: Butter, nonfat dry milk, cheddar cheese, cotton, wheat, flour (under announcement GR-262), corn, oats, barley, rye, grain sorghums, and tobacco.

Interest rates per annum under the CCC Export Credit Sales program for October 1958 are 2-5/8 per cent for periods up to six months, 3-1/8 per cent for periods from over six and up to 18 months, and 3-5/8 per cent for periods from over 18 months up to a maximum of 36 months.

DECLINING INVENTORIES OF DAIRY PRODUCTS. A year ago it appeared that some of our dairy products, particularly cheese, presented a problem of disposal with no apparent solution. At that time, we had nearly 170 million pounds of uncommitted inventory. Today we have scarcely more than 10 million pounds currently uncommitted in store. Since the policy of the Department is to furnish domestic requirements first, cheese is not being made available under Title I at this time.

The butter situation has also changed considerably over the past year. At this time the U. S. domestic market price is above support price so that for the past several weeks no butter has entered the support program.

We do have sufficient supplies of nonfat dry milk to meet all requests. Our current uncommitted inventory is in the neighborhood of 150 million pounds compared to 90 million pounds a year ago.

U. S. fluid milk production for the first seven months of 1958 is only slightly less than the production for the corresponding period of 1957. Creamery butter production is roughly 1% below a year ago and Cheddar cheese production is approximately 4% below a year ago. It appears that a greater quantity of dairy products, especially cheese, is being consumed by U. S. citizens.

ATTACHES TO RECEIVE MONTHLY GENERAL SALES MANAGER'S REPORT. To bring attaches up to date on the various disposal activities in the Office of the General Sales Manager, CSS, back issues of activity reports will be sent to each attache post. The first report, issued last April, contains much important background material which does not appear in subsequent issues. Following receipt of the background "kit", attaches will receive future reports as issued.

Issued by FAS, USDA, Washington 25, D. C. Distributed only to U. S. Agricultural Attaches and in the Department for internal use. Send your contributions to A. E. Johnson, Editor. Deadline for next issue is 10 days after publication date.

TABLE I, GUIDE TO COMMERCIAL SALES

Commodity	Unit	Grade, Type or Variety	Location	Latest Price Week of 10/10/58	Price Year Earlier
Wheat 1/	Bushel	#2.H. W.	Galveston	$2.28-2.40	$2.32-2.42
" 2/	"	#1 S. W.	Portland	2.01	2.34
" 3/	"	#2 S. R. W.	Baltimore	2.13	--
Barley 4/	"	#3 Feed	Baltimore	1.305	--
"	"	"	New Orleans	1.37	--
"	"	#2 Western	San Francisco	1.22	--
Corn 4/	"	#2 Yellow	Baltimore	1.4175	--
"	"	"	New Orleans	1.2825	--
Grain Sorghums 4/	Cwt.	#2 Yellow Milo	Gulf	2.14375	--
Oats 4/	Bushel	#2 White	Baltimore	.77625	--
"	"	"	New Orleans	.8125	--
Pea Beans	Cwt.	#1	FAS East Cst.	8.00	--
Pinto Beans	Cwt.	#1 Pinto	FAS Gulf	6.85	--
Great Northern	"	#1	FAS West Cst.	7.75	--
Dry Peas	"	#2 Alaska, whole	FAS West Cst.	6.75	--
Cottonseed Oil	Pound	B.P.S.Y.	Oct. Fut. N.Y.	.1320	.1482
Soybean Oil	"	Refined	New York	.1262	.1450
Cottonseed Oil	"	Crude	Valley	.1088-.1100	.1225
Soybean Oil	"	Crude	Decatur, Ill.	.1025	.1112-.1125
Linseed Oil	"	Raw	Minneapolis	.1320	.1450
Lard	"	Refined 50# tin	Chicago	.1425	.1425
Tallow	"	Prime Inedible	Chicago-FOB	.0750	.0800
Greases	"	Choice White	" "	.0850	.0950
Soybeans	Bushel	#1	Chicago	2.14-2.15	2.26
Cottonseed Meal	Sh. Tn.	41% Bagged	Memphis	53.50	51.00
Soybean Meal	" "	44% Bagged	Decatur	60.50	51.50
Milk, Evap.	Case	48-14 1/2 oz.	Pac. Cst. Mkts.	6.10-6.60	5.95-6.45
Eggs, Shell	Doz. Med.	Mixed colors	New York	.3000-.3100	.3700-.3800
" Dried	Pound	Whole	" "	1.07-1.16	1.08-1.16
Beef Trimmings	"	75-85% lean froz.	Chicago	.4000	.3000
Beef Hearts	"	Regular frozen	"	.2750	.2100
Beef Livers	"	" "	"	.3250	.1500
Pork Trimmings	"	" "	"	.2000	.1875
Chicken, R. C.	"	Gr. A Broilers	New York	.2700-.2950	.2900-.3150
Turkey, R. C.	"	Gr. A Beltsville	" "	.4150-.4300	.39-.4050
Canned Apricots	Doz. #2-1/2	Choice Halves	FOB-Calif.	3.75-3.85	3.075
" Peaches	" "	" "	" "	2.80	2.60
" Pears	" "	" "	" "	3.45-3.50	3.15-3.25
Grapefruit Secs.	Doz. #303	Fancy, Lt. syrup	FOB Florida	1.75	1.60
Lemons, Fresh	Std. Ctn.	180 size	FOB Calif.	2.33	2.23

1/ Export payment all destinations except Latin America and West Indies, $.54; to Latin America and West Indies, $.51. 2/ Export payment - all destinations, $.54.
3/ Export Payment - all destinations $.38. 4/ Export payment accepted by CCC for October-November shipment: barley, $.15; corn, $.08; grain sorghums, $.32; Oats, $.15.

TABLE II, CCC PORT PRICES FOR EXPORT

Commodity	Unit	Grade, Type or Variety	Port Location	Latest Price	Date of Sales 1958
Rice	Cwt.	Rough	In store producing area	$3.37	Oct. 6 - 10
Butter	Pound		Any U. S. port	.39 (fixed)	
Milk	"	Spray	Any U. S. port	.099 (fixed)	
Cheese	"	Cheddar	Any U. S. port	.22 (fixed)	
Cotton, Upland	"	Upland	Average price, Basis middling 1", at average location	.2836	" "

INTERNATIONAL COFFEE AGREEMENT

On September 27th in Washington, D. C., 15 Latin American nations signed an "International Coffee Agreement". The nations represented in this agreement are Brazil, Colombia, Mexico, El Salvador, Guatemala, Costa Rica, Ecuador, Nicaragua, Honduras, Peru, Panama, Venezuela, Cuba, Haiti and Dominican Republic.

Essentially the agreement is a renewal of the seven-nation Mexico City Pact initiated a year ago by Brazil, Colombia, Mexico, El Salvador, Costa Rica, Guatemala and Nicaragua. Its principal objective is to stabilize coffee prices by coffee retention quotas.

The quantities to be withheld under the old agreement were:

Brazil 40%
Colombia 15%
Others 10%, of exportable production for 1957-58 crop.

The new agreement also requires each coffee-producing country to withhold from export markets definite percentages of its exportable production. For the 1958-59 crop the withholding quotas are:

Brazil 40%
Colombia 15%
Others 5%, of the first 300,000 bags and 10% over that amount.

The retained quantities indicated, on the basis of latest estimates will be:

Brazil	10,400,000 bags
Colombia	975,000 bags
Others	575,000 bags
Total	11,950,000 bags

The withholding of 12,000,000 bags from an estimated exportable production of 51,000,000 bags leaves about 39,000,000 bags available for export. In theory, this would bring supply in approximate balance with world demand.

The immediate and urgent purpose of this retention program is again to help stabilize the coffee market and prevent a further decline in price levels which today are about 20% below those of a year ago.

Preceding the new agreement was the organization of a Coffee Study Group, which convened June 11th in Washington for the purpose of studying the near and long-term economic problems created by recent and continuing surplus coffee production.

Included in the Study Group were representatives of the world's principal coffee-producing areas, excepting India and Indonesia, and representatives of the coffee consuming areas of Great Britain, France and the United States.

Under the chairmanship of United States Assistant Secretary of State, Thomas C. Mann, working committees were formed, holding daily meetings until adjournment on September 26th.

African producers - Portuguese Africa, French West Africa, Belgian Congo, British East Africa, and Ethiopia - were invited to participate in a coffee retention agreement.

Meetings were held in Paris on September 11th and 12th in which France, Belgium and Portugal supported a coffee agreement based on the "Portuguese Plan".

This plan differed from the Washington proposal in that it set up absolute export quotas. These quotas were based on exports of the preceding year with a maximum of 38.5 million bags, including shipments of African colonies to the mother countries. It also permitted an annual increase in exports based on expected increases in consumption. This opposed the more flexible retention plan based on exportable production.

Though no agreement was reached at the Paris meetings, there developed a better understanding of the problems involved and the committees resumed their meetings in Washington.

The Portuguese Plan proved unacceptable to the Latin producers and on September 27th, just prior to the ending of the original Mexico City Agreement, they concluded the new one-year coffee retention agreement described above.

The United Kingdom and Ethiopia were opposed to any coffee retention scheme as being impractical but France and Portugal have indicated a willingness to impose export quotas on their African shipments to markets other than to the mother country.

It has been agreed among all those participating in the Study Group that it should continue its working programs of further studies of both past and future coffee problems. The committee, appointed for this purpose, consists of representatives of Belgium, Brazil, Colombia, Costa Rica, El Salvador, France Germany, Italy, Mexico, Portugal, the United Kingdom and the United States with headquarters in Washington.